

SECOND REGULAR SESSION

# SENATE BILL NO. 585

93RD GENERAL ASSEMBLY

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INTRODUCED BY SENATOR CHAMPION.

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Pre-filed December 1, 2005, and ordered printed.

TERRY L. SPIELER, Secretary.

3092S.02I

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## AN ACT

To repeal section 135.327, RSMo, and to enact in lieu thereof one new section relating to special needs children adoption tax credit.

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*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Section 135.327, RSMo, is repealed and one new section  
2 enacted in lieu thereof, to be known as section 135.327, to read as follows:

135.327. 1. Any person residing in this state who legally adopts a special  
2 needs child on or after January 1, 1988, and before January 1, 2000, shall be  
3 eligible to receive a tax credit of up to ten thousand dollars for nonrecurring  
4 adoption expenses for each child adopted that may be applied to taxes due under  
5 chapter 143, RSMo. Any business entity providing funds to an employee to  
6 enable that employee to legally adopt a special needs child shall be eligible to  
7 receive a tax credit of up to ten thousand dollars for nonrecurring adoption  
8 expenses for each child adopted that may be applied to taxes due under such  
9 business entity's state tax liability, except that only one ten thousand dollar  
10 credit is available for each special needs child that is adopted.

11 2. Any person residing in this state who proceeds in good faith with the  
12 adoption of a special needs child on or after January 1, 2000, shall be eligible to  
13 receive a tax credit of up to ten thousand dollars for nonrecurring adoption  
14 expenses for each child that may be applied to taxes due under chapter 143,  
15 RSMo; provided, however, that beginning on or after July 1, 2004, a minimum of  
16 fifty percent of the tax credits allowed shall be allocated for the adoption of  
17 special needs children who are residents or wards of residents of this state at the  
18 time the adoption is initiated. Any business entity providing funds to an  
19 employee to enable that employee to proceed in good faith with the adoption of

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

20 a special needs child shall be eligible to receive a tax credit of up to ten thousand  
21 dollars for nonrecurring adoption expenses for each child that may be applied to  
22 taxes due under such business entity's state tax liability, except that only one ten  
23 thousand dollar credit is available for each special needs child that is adopted.

24 3. Individuals and business entities may claim a tax credit for their total  
25 nonrecurring adoption expenses in each year that the expenses are incurred. A  
26 claim for fifty percent of the credit shall be allowed when the child is placed in  
27 the home. A claim for the remaining fifty percent shall be allowed when the  
28 adoption is final. The total of these tax credits shall not exceed the maximum  
29 limit of ten thousand dollars per child. The cumulative amount of tax credits  
30 which may be claimed by taxpayers claiming the credit for nonrecurring adoption  
31 expenses in any one fiscal year prior to July 1, 2004, shall not exceed two million  
32 dollars and shall not exceed four million dollars in any one fiscal year beginning  
33 on or after July 1, 2004; provided, however, that [in the first ninety days  
34 following each July first], if less than two million dollars in credits have been  
35 issued for adoption of special needs children who are [not] residents or wards of  
36 residents of this state at the time the adoption is initiated, the remaining amount  
37 of the four million dollar cap shall be available for the adoption of special needs  
38 children who are **not** residents or wards of residents of this state at the time the  
39 adoption is initiated. **For all fiscal years beginning on or after July 1,**  
40 **2005, applications to claim the adoption tax credit for children who are**  
41 **residents or wards of residents of this state at the time the adoption is**  
42 **initiated, or for the adoption of special needs children who are not**  
43 **residents or wards of residents of this state at the time the adoption is**  
44 **initiated, may be filed between July 1 and April 15 of each fiscal year.**

45 4. Notwithstanding any provision of law to the contrary, any individual  
46 or business entity may assign, transfer or sell tax credits allowed in this  
47 section. Any sale of tax credits claimed pursuant to this section shall be at a  
48 discount rate of seventy-five percent or greater of the amount sold.

49 5. The director of revenue shall establish a procedure by which, for each  
50 fiscal year, the cumulative amount of tax credits authorized in this section is  
51 equally apportioned among all taxpayers within the two categories specified in  
52 subsection 2 of this section claiming the credit in that fiscal year. To the  
53 maximum extent possible, the director of revenue shall establish the procedure  
54 described in this subsection in such a manner as to ensure that taxpayers within  
55 each category can claim all the tax credits possible up to the cumulative amount

56 of tax credits available for the fiscal year.

57           6. The director of revenue shall submit to the general assembly, by  
58 January 1, 2005, and each succeeding year, information by income levels of those  
59 individual taxpayers who have qualified and claimed the credit authorized in this  
60 section, regardless of whether those taxpayers have assigned, transferred, or sold  
61 such credits. The information shall indicate the number of such taxpayers with  
62 federal adjusted gross income in the immediately preceding tax year of less than  
63 one hundred fifty thousand dollars, of one hundred fifty thousand dollars to and  
64 including one hundred ninety thousand dollars, and of more than one hundred  
65 ninety thousand dollars.

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Bill

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